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September 22, 2004

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, Massachusetts 02110

Re: D.T.E. 04-82 — Standard Offer Service Fuel Adjustment — Boston Edison
Company

Dear Secretary Cottrell:

On August 6, 2004, Boston Edison Company ("Boston Edison" or the "Company") filed for approval a tariff to implement a Standard Offer Service Fuel Adjustment ("SOSFA") of 1.223 cents per kilowatt-hour ("kWh"), for effect on September 1, 2004. On August 27, 2004, the Department of Telecommunications and Energy (the "Department") suspended the effective date for tariff until October 1, 2004 to conduct further investigation.

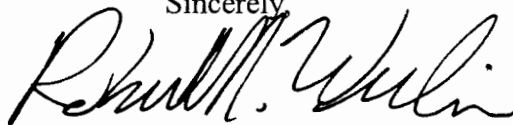
Accordingly, the Company hereby submits for Department approval effective October 1, 2004, the following tariff:

Boston Edison Company – M.D.T.E. No. 102E, Standard Offer Service

The tariff is in all respects identical to the tariff filed on August 6, 2004, except for the revised filing date and effective date.

Thank you for your attention to this matter.

Sincerely,



Robert N. Werlin

Enclosure

cc: Jeanne Voveris, Hearing Officer
Ronald LeComte, Director, Electric Power Division
Kevin Brannelly, Director, Rates and Revenue Requirements Division
Joseph Rogers, Assistant Attorney General
David O'Connor, Commissioner

TARIFF

STANDARD OFFER SERVICE

DEFINITIONS

"Competitive Supplier" shall mean any entity licensed by the M.D.T.E. to sell electricity to retail Customers in Massachusetts, with the following exceptions: (1) a Distribution Company providing Standard Offer Service and Default Service to its distribution Customers, and (2) a municipal light department that is acting as a Distribution Company.

"Customer" shall mean any person, partnership, corporation, or any other entity, whether public or private, who obtains Distribution Service at a Customer Delivery Point and who is a Customer of record of the Company.

"Customer Delivery Point" shall mean the Company's meter or a point designated by the Company located on the Customer's premises.

"Default Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving either Generation Service from a Competitive Supplier or Standard Offer Service, in accordance with the provisions set forth in the Company's Default Service tariff, on file with the M.D.T.E.

"Distribution Company" or "Company" shall mean Boston Edison Company.

"Distribution Service" shall mean the delivery of electricity to Customers by the Distribution Company over lines that operate at a voltage level typically equal to or greater than 110 volts and less than 69,000 volts.

"Generation Service" shall mean the sale of electricity, including ancillary services such as the provision of reserves, to a Customer by a Competitive Supplier.

"Low-income Customer" shall mean a Customer who meets the low-income eligibility qualifications as set forth in 220 CMR 11.04(5) approved by the M.D.T.E. for the Distribution Company.

"M.D.T.E." shall mean the Massachusetts Department of Telecommunications and Energy.

"Retail Access Date" shall mean March 1, 1998, unless otherwise determined by the M.D.T.E.

"Standard Offer Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving either Generation Service from a Competitive Supplier or Default Service, in accordance with the provisions set forth in this tariff and G.L. c. 164.

STANDARD OFFER SERVICE

AVAILABILITY:

This Rate Schedule for Standard Offer Service is available to:

- A. Standard Offer Service shall be available to each Customer who was a Customer of Record as of the Retail Access Date and who has not received Generation Service from a Competitive Supplier since the Retail Access Date.**
- B. A Customer receiving Standard Offer Service shall be allowed to retain such service upon moving within the service territory of the Distribution Company.**
- C. A Customer who has previously received Generation Service from a Competitive Supplier is no longer eligible to receive Standard Offer Service, except that**
 - 1. A Low-income Customer may return to Standard Offer Service at any time, regardless of whether the Customer has previously received Generation Service from a Competitive Supplier;**
 - 2. A residential or small commercial and industrial Customer who has received Generation Service from a Competitive Supplier since the Retail Access Date is eligible to receive Standard Offer Service by so notifying the Distribution Company within one-hundred and twenty days (120) days of the date when the Customer first began to receive Generation Service from a Competitive Supplier, provided that such notification occurs during the first year following the Retail Access Date. There shall be no fee for returning to Standard Offer Service.**
- D. A Customer who moves into the Company's service territory after the Retail Access Date is not eligible to receive Standard Offer Service, except that a Low-income Customer who moves into the Company's service territory after the Retail Access Date shall be eligible for Standard Offer Service.**
- E. A Customer who notifies the Company of termination of Generation Service from a public aggregator within one-hundred and eighty (180) days of the date on which such service began shall be eligible to return to Standard Offer Service.**

Service under this rate to any Customer is subject to both the Company's printed requirements, the Company's Terms and Conditions – Distribution Service and the Company's Terms and Conditions – Competitive Suppliers, each as in effect from time to time.

STANDARD OFFER SERVICE

APPLICABILITY:

Electricity delivered under this Rate Schedule shall be used solely by the Customer on the Customer's own premises for all purposes.

RATE:

The Standard Offer Charge shall consist of the following charge per kWh:

Effective January 1, 2004 5.100 cents per kilowatt-hour

The foregoing rate shall be adjusted in accordance with the provisions of the Customer Rate Fuel Adjustment and the Standard Offer Revenue Reconciliation Adjustments described below:

CUSTOMER RATE FUEL ADJUSTMENT:

The Standard Offer Charge in effect for a billing month is multiplied by a Fuel Adjustment that is set equal to 1.0 unless the Market Gas Price plus Market Oil Price for the billing month exceeds the Fuel Trigger Point then in effect, where:

Market Gas Price is the average of the values of Gas Index for the most recent available twelve (12) months through and including the billing month, where:

Gas Index is the average of the daily settlement prices for the last three days that the NYMEX Contract (as defined below) for the month of delivery trades as reported in the Wall Street Journal, expressed in dollars per MMBTU. NYMEX Contract shall mean the New York Mercantile Exchange Natural Gas Futures Contract as approved by the Commodity Futures Trading Commission for the purchase and sale of natural gas at Henry Hub;

Market Oil Price is the average of the values of Oil Index for the most available twelve (12) months through and including the billing month, where:

Oil Index is the average for the month of the daily low quotations for cargo delivery of 1.0% sulfur No. 6 residual fuel oil into New York harbor, as reported in Platt's Oilgram U.S. Marketscan in dollars per barrel and converted to dollars per MMBTU by dividing by 6.3;

STANDARD OFFER SERVICE

CUSTOMER RATE FUEL ADJUSTMENT: (continued)

If the indices referred to above should become obsolete or no longer suitable, the Distribution Company shall file alternate indices with the M.D.T.E..

Fuel Trigger Point is the following amounts, expressed in dollars per MMBTU, applicable for all months in the specified calendar year, with the final year extending from January 1, 2004 through February 28, 2005:

<u>Year</u>	<u>Fuel Trigger Point</u>
2000	\$5.35
2001	\$5.35
2002	\$6.09
2003	\$7.01
2004-5	\$7.74

In the event that the Fuel Trigger Point is exceeded, the Fuel Adjustment value for the billing month is determined according to the following formula:

$$\text{Fuel Adjustment} = \frac{(\text{Market Gas Price} + \$0.60/\text{MMBTU}) + (\text{Market Oil Price} + \$0.04/\text{MMBTU})}{\text{Fuel Trigger Point} + \$0.60 + \$0.04/\text{MMBTU}}$$

Where Market Gas Price, Market Oil Price and Fuel Trigger Point are as defined above. The values of \$0.60 and \$0.04/MMBTU represent for gas and oil respectively, estimated basis differentials or market costs of transportation from the point where the index is calculated to a proxy power plant in the New England market.

Incremental revenues received by the Company from the application of the Fuel Adjustment shall be fully allocated to Standard Offer Suppliers in proportion to the Standard Offer energy provided by a Supplier to the Company in the applicable billing month.

Effective September 1, 2004, the Standard Offer Service Fuel Adjustment Rate shall be:

\$0.01223 per kilowatt-hour.

STANDARD OFFER SERVICE

STANDARD OFFER REVENUE RECONCILIATION ADJUSTMENTS:

The Company shall reconcile the revenues billed to Customers taking Standard Offer Service against payments to Suppliers of Standard Offer Service and recover or refund any under- or over collection in accordance with the following terms:

1. Any revenues billed by the Company for Standard Offer Service in excess of payments to Suppliers of that service shall be accumulated in an account and credited with interest calculated using the methodology for calculating interest on Customer deposits specified in the Company's Terms and Conditions - Distribution Service. The accumulated balance at the end of each calendar year shall be credited to all of the Company's retail Customers through a uniform cents per kilowatt-hour factor in the following year.
2. Standard Offer Rates may also be adjusted from time to time to reflect changes in the Standard Offer Service Fuel Index or to recover deferred costs that result from undercollection of expenses for Standard Offer Service as provided below. These adjustments shall be collected through the Standard Offer Surcharge as a uniform cents per kilowatt-hour surcharge on the prices for Standard Offer Service.

For any revenues billed by the Company that do not recover the Company's payments to suppliers or for any expenses the Company defers to meet the inflation cap established in Section I.B.9 of the Settlement Agreement, the Company shall be authorized to accumulate the deficiencies together with interest and to recover those amounts by implementing a uniform cents per kilowatt-hour surcharge on the rates for Standard Offer Service, if and to the extent that the Transition Charges billed by the Company to its retail Customers are for any reason below the unadjusted Transition Charge listed in Attachment 3 of the Settlement Agreement. Under-recoveries, if any, that remain after the standard offer transition period ends shall be recovered from all retail Customers by a uniform surcharge to the Standard Offer not exceeding \$0.005 per kilowatt-hour commencing after such period.

Notwithstanding any other provisions, in the event the deferred costs under the Standard Offer at any time accumulate to an amount in excess of \$50 million, the Company shall be authorized to fully recover the amount of deferred costs in excess of \$50 million by filing with the Department a Standard Offer Surcharge. Such Standard Offer Surcharge will be designed to recover the deferred excess costs forecast for the next twelve (12) months on an annual basis and shall go into effect sixty (60) days following the filing with the Department.

STANDARD OFFER SERVICE

STANDARD OFFER REVENUE RECONCILIATION ADJUSTMENTS: (continued)

The collection of deferred excess costs will be through a uniform cents per kWh surcharge to the Standard Offer until such time as the amount of energy consumed by retail Customers receiving Standard Offer Service reduces to 15 percent of the energy delivered to all retail Customers. At that point, the surcharge will be billed to all retail Customers through the delivery charge.

TERMINATION OF STANDARD OFFER SERVICE

Standard Offer Service may be terminated by a Customer concurrent with the Customer's next scheduled meter read date provided that notice of initiation of Generation Service by a Competitive Supplier is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions - Competitive Suppliers.

If the notice of initiation of Generation Service by the Competitive Supplier is received by the Company fewer than two (2) days before the Customer's next scheduled meter read date, Standard Offer Service shall be terminated concurrent with the Customer's subsequent scheduled meter read date.

There shall be no fee for terminating Standard Offer Service.

BILLING

Each Customer receiving Standard Offer Service shall receive one bill from the Company, reflecting unbundled charges for their electric service.

TERM

Standard Offer Service shall be available until February 28, 2005, unless otherwise approved by the M.D.T.E.

NOTICE

A notice will be filed with the M.D.T.E. setting forth the amount of the applicable Standard Offer Adjustment, the amount of the increase and the effective Standard Offer charge in the Company's rates as adjusted to reflect the new Standard Offer Adjustment amount. The notice shall further specify the effective date of such adjustment, which shall not be earlier than thirty days after the filing of the notice, or such other date as the M.D.T.E. may authorize.